

2000 CENSUS: FAMILY INCOME

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What Happened to Family Income In Washington During the 1990s?

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The 1990s was the decade of the high-tech bubble and welfare reform. Stock options were popular benefits and work requirements became mandatory in public assistance programs for families with children. With public policy and economic structural changes affecting many people in Washington State, what happened to families during the decade with regard to family income? Overall, the median family income increased 11.4 percent in 1999 dollars, and the percent of families in poverty declined slightly, dropping from 13.7 percent to 13.3 percent. But did all types of families have the same experience? Female headed-families with children actually had the greatest increase in median family income, 31.5 percent. This paper examines this and other changes in economic characteristics of families that occurred between 1989 and 1999.

Methodology

In our analysis of the changes in family income, we use the 5-percent Public Use Microdata files (PUMS) from the decennial Censuses of Population for 1990 and 2000. By using the 10-year data, we miss some of the variation that occurred during the decade, but we capture the overall trend.

We are interested in the experiences of different types of families in Washington. For our purposes, we use the Census Bureau definition of family, which includes all persons in a household related by blood, marriage, or adoption. We also include single-person households and unrelated individuals as single-person families. This analysis is limited to families with non-elderly heads, because they are most likely to be affected by changes in employment.

Families in Washington are divided into seven types determined by composition and the gender of the family head – single males, single females, male heads with children, female heads with children, male heads with other adults, female heads with other adults, and married couples. All children are under 18 years of age in the adult with children only families. In both the male head with other adults and female head with other adults, there is no spouse present in the household. These families contain at least two adults including the head, and children may be present as well.

For this study, all comparisons are made in 1999 dollars.

Results

The distribution of family types changed during the 1990s with the percentage of couple-headed families decreasing (See Figure 1). The percent of all other family types increased. Male heads with children had the largest percentage increase, 38.5 percent, but this type of family still only represents 1.8 percent of all families.

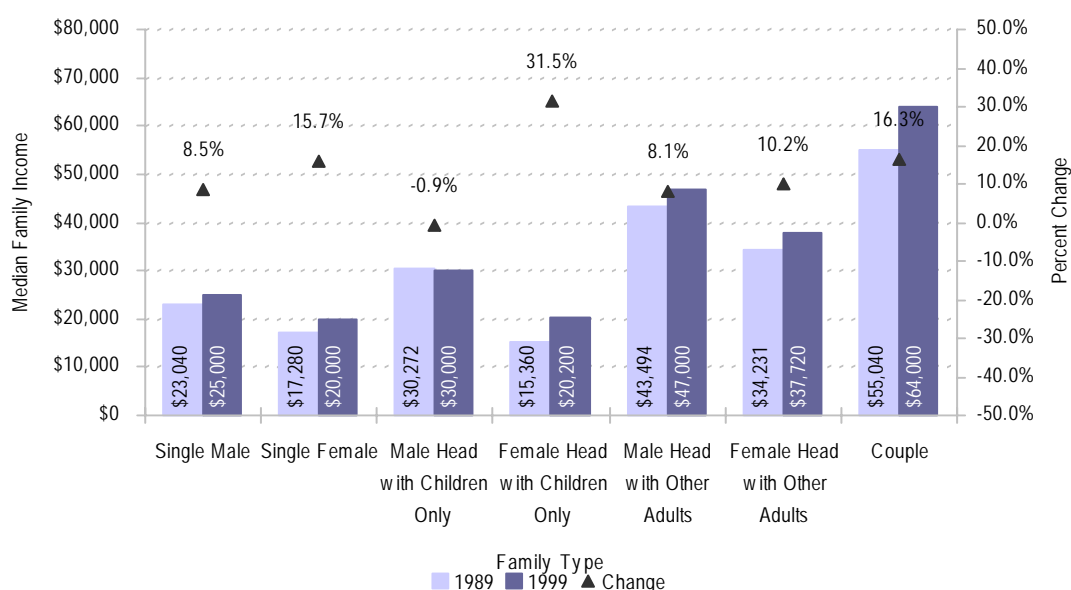
Figure 1
Distribution of Non-Elderly Family Types

| Family Type | 1990 | 2000 |
|--------------------------------|--------|--------|
| Single Males | 19.2% | 21.1% |
| Single Females | 20.6% | 21.5% |
| Male Heads With Children | 1.3% | 1.8% |
| Female Heads With Children | 4.6% | 4.9% |
| Male Heads With Other Adults | 1.4% | 1.6% |
| Female Heads With Other Adults | 3.3% | 3.5% |
| Couples | 49.6% | 45.6% |
| | 100.0% | 100.0% |

Family Income

The overall median family income increased 11.4 percent. The change in median income varied widely by family type, however (See Figure 2). Male-headed families, in general, did not experience the gains that the female-headed families did. In fact, single males with children had the only decline in median family income, -0.9 percent, of all types examined. Male heads with children did, however, have family income approximately 50 percent higher than the median family income for female heads with children. Female heads with children had the largest increase during the decade at 31.5 percent. Single males and single females without children increased 8.5 and 15.7 percent respectively. The median family income for couple-headed families grew 16.3 percent.

Figure 2
Percent Change in Median Family Income by Family Type: 1989 to 1999



Poverty

The overall percent of families in poverty showed little change, dropping from 13.7 percent to 13.3 percent. Couple-led families had the lowest percent in poverty at 4.2 percent in 1999 (See Figure 3). The single female family types in general had higher rates of poverty than their corresponding male types. Female heads with children had the highest rate of poverty with approximately one in three families in poverty in 1999.

Four of the seven family types experienced a modest decline in the percent of families in poverty. Two types, female heads with other adults and couple-headed families had a slight increase, 3.4 percent and 2.4 percent respectively. Female heads with children had the largest decline in poverty by far. Over the decade the percent in poverty dropped from 42.7 percent to 33.6 percent for an overall decline of 21.3 percent.

Single-person Families

As shown in Figure 4, single males and single females had similar distributions of income sources, but males had a slightly larger percentage of income from earnings (87.4 percent vs. 83.1 percent). This difference may be partially explained by their higher median weeks worked in 1999 (52 vs. 50). The median number of hours per week was the same for both groups (40). Single females have family incomes that fall below single males by about two-thirds and educational differences are not the cause. Both groups had a lower percentage of people without a high school diploma at the end of the decade, but single females were more likely to have education beyond high school (69.1 percent vs. 62.6 percent).

Figure 3
Percent Reduction in Poverty by Family Type: 1989 to 1999

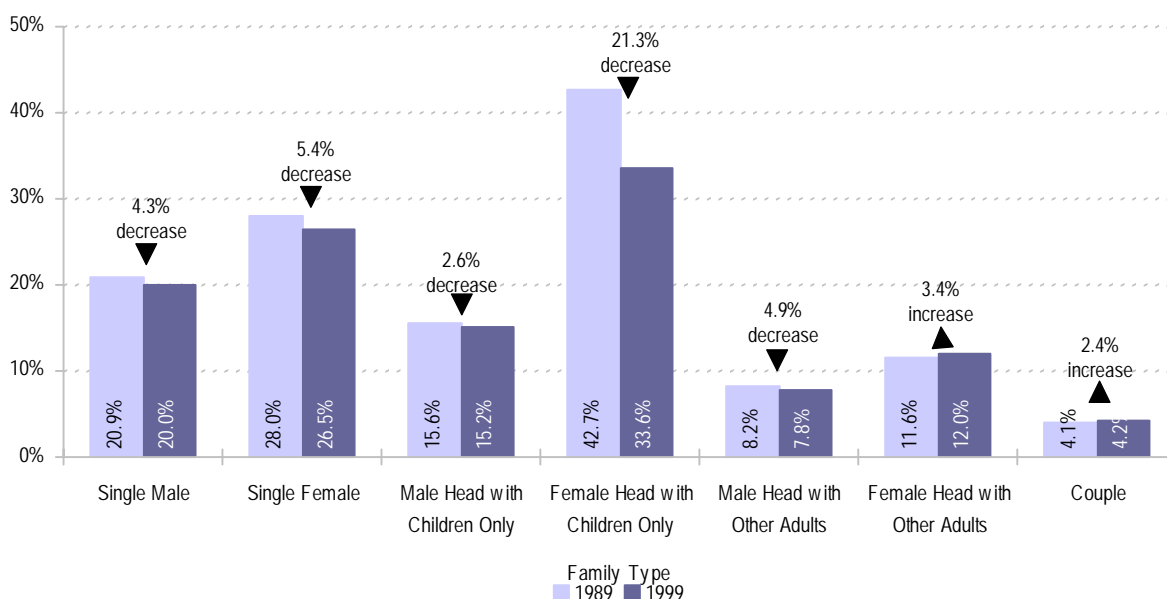
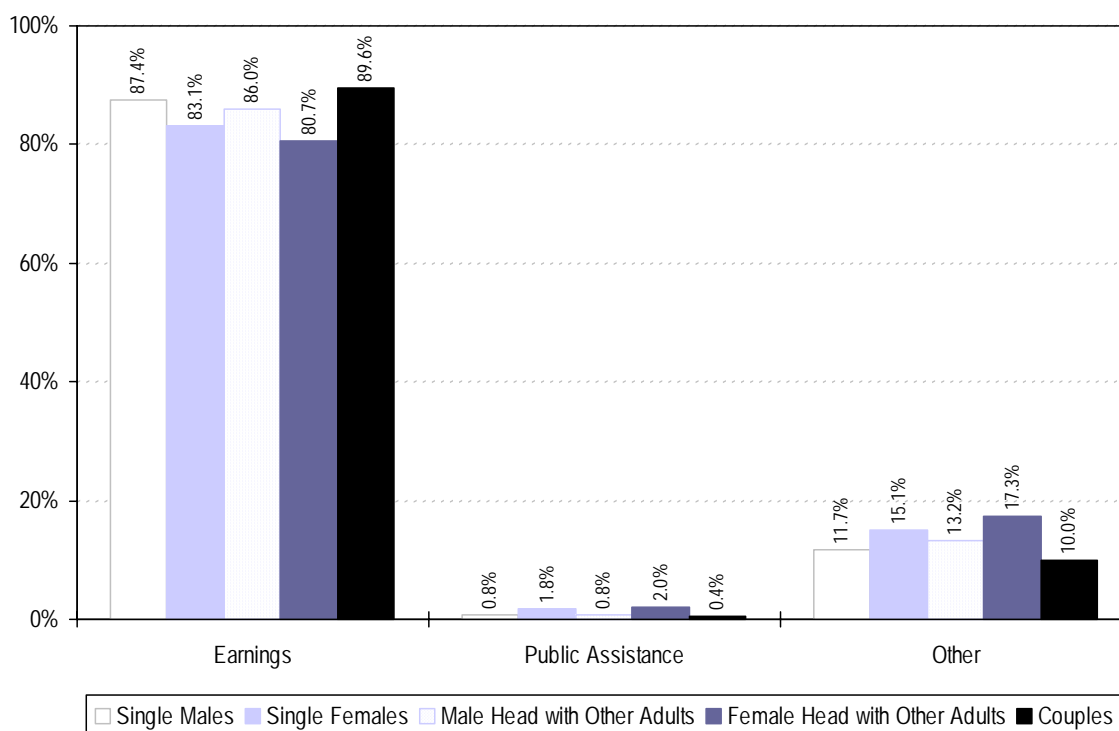


Figure 4:
Sources of Income : Selected Family Types 1999

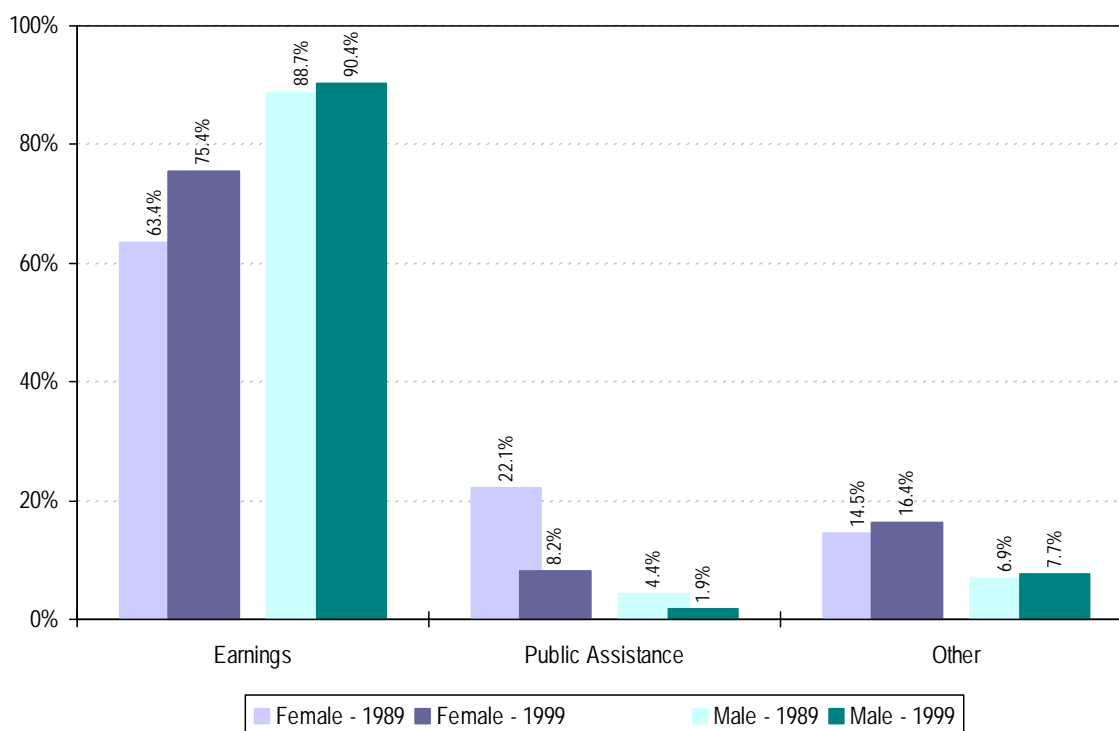


Single Adults With Children

Female heads with children had the most dramatic change in family income during the decade (See Figure 5). They had the largest increase in family income, but the distribution of income source changed too. The percent of family income from earnings increased from 63.4 percent to 75.4 percent (See Figure 5). Furthermore, public assistance dropped from 22.1 percent to 8.2 percent of family income, a 66 percent reduction. The increase in family income and shift to earnings for female heads with children can be accounted for by the increase in median weeks worked. Between 1989 and 1999, the median weeks worked increased from 41 to 50, two additional months of earnings. The female heads with children also increased their education levels. Those females without a high school diploma dropped from 18.5 percent to 15.6 percent and the percent with more than high school increased from 54.1 percent to 59.8.

The difference between the distribution of income types for female heads with children and their male counterparts is also striking. The females draw a much larger percentage of their income from public assistance and other income, which includes child support and alimony. The difference was reduced during the 1990s, but the female heads still receive about one-quarter of their income from these sources whereas the male heads receive less than one-tenth (24.6 percent vs. 9.6 percent). The male heads with children also reduced their public assistance income from 4.4 percent to 1.9 percent, but they had no change in work characteristics during the decade working 40 hours and 52 weeks. Like the singles without children, the male heads with children did not experience much change in educational levels.

Figure 5:
Sources of Income : Single Adults With Children By Gender 1989 and 1999



Single Adults With Other Adults in Family

Income for families headed by males including other adults increased by 8.1 percent during the 1990s, whereas families headed by females including other adults increased by 10.2 percent. The median income for female-headed families was still only 80 percent of that for male-headed families. As with the other types of families, the male heads with other adults receive a larger percentage of their income from earnings (86.0 percent vs. 80.7 percent). Secondary earners in the male-headed families increased the number of weeks worked by three weeks and reduced the hours worked by one. Fewer male family heads had more than a high school education dropping from 51.2 percent to 48.1 percent. In female-headed families, secondary earners worked five weeks fewer in 1999 than in 1989. The percent of female family heads with more than a high school diploma increased from 52.6 percent to 59.7 percent.

Couples

The median family income for couple-headed families increased by 16.3 percent between 1989 and 1999. Couples were most like male heads with children in the percent of income from earnings with 89.6 percent of their income coming from earnings. Secondary earners in these families increased the number of weeks worked from 40 to 42 and the number of hours worked from 32 to 33. The percentage of these families where the primary earner was female also increased from 15.2 percent to 20.3 percent and the percent of primary earners with more than a high school education increased from 64.4 to 70.0.

Summary

During the 1990s, the median family income in Washington increased. Female-headed families with children experienced the largest increase in family income of any family type, an increase of 31.5 percent, and the largest percent reduction in poverty. The income structure also changed most dramatically for female-headed families with children. These families rely more on earnings and less on public assistance in 1999 than they did in 1989.

Other family types didn't experience large changes in distribution of income sources, although all family types did see a reduction in percent of income from public assistance. Male heads with children didn't have income growth, but their family incomes were still high enough above the federal poverty level to have a decline in the percent of families living in poverty.